

Implementing a Municipal Economic Development Program

Panevezys, Lithuania

Background

Following Lithuanian independence the City of Panevezys (population 132,000), home to large industry and agro-processor plants, found itself in a difficult economic situation. As input prices rose to world-market levels and traditional output markets disappeared, the city's industrial base flagged, leading to a 15 percent unemployment rate. Worsening economic conditions resulted in citizens' perception that local government was not responsive to their needs. Furthermore, the city's identity as a successful industrial city was being compromised. The city recognized that it was necessary to improve public relations, build understanding between government and the business community, and attract new businesses to the city.

Innovation

To encourage economic development and to develop better relations with its citizens, the media, and local businesses, Panevezys decided to develop a Municipal Economic Development Program. As part of the innovation, the city created an Economic Development Unit within its Economics Department in March 1996. This unit is creating a two-year Overall Economic Development Plan (OEDP) and has hired a full-time economic development specialist.

The city is undertaking the following activities under the Program:

- Local government officials make bi-weekly visits to local businesses to learn about their interests and concerns. The media is welcome to participate in these visits.
- The Economic Development Unit is collaborating with the Business Advisory Center and the Panevezys Chamber of Commerce. The organizations hosted a City Day in September 1996 to showcase local businesses and products and are collaborating on a small business development program with start-up funds from the city budget.
- Municipal officials attend weekly meetings for local business people hosted by the local branch of Rotary Club International.
- City officials are attending the business school at a local university to improve their understanding of business practices and network with the business community.

Economic development marketing efforts have utilized free or inexpensive approaches such as submitting articles about the community for publication, contacting prospective investors directly, and using local contacts to attract the interest of the Lithuanian-American community. To date the city government has spent approximately \$3,000 on its Municipal Economic Development Program.

Results

The Municipal Economic Development Program has made significant progress in its first nine months: the favorable press resulting from inclusion of journalists in the business visitation program has served to improve the public's perception of the municipality's efforts to learn more about the conditions facing its citizens. There has also been a noticeable improvement in the general public's perception of local government. The only obstacle faced by Panevezys so far has been the lack of financial resources required to implement economic development strategies. The approach is widely replicable, as it mainly involves the development of a strategy that identifies realistic goals and leads to consensus building.

Summary

To encourage new business and to develop better relations with its citizens, the media, and local businesses, the City of Panevezys developed a Municipal Economic Development Program. The various activities under this program have already improved the general public perception of local government and are likely to attract new business in the near future.

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